TWENTY-SEVENTH

ANNUAL REPORT

OF THE

Board of Directors

OF THE

Pennsylvania Railroad Co.

TO THE

STOCKHOLDERS,

March 10th, 1874.

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DIRECTORS

OF THE

Pennsylvania Railroad Company,

FOR THE

YEARS 1874 and 1875.

BY THE STOCKHOLDERS.

J. EDGAR THOMSON,
JOSIAH BACON,
WISTAR MORRIS,
JOHN M. KENNEDY,
JOHN SCOTT, Pittsburgh,
ALEXANDER J. DERBYSHIRE,
SAMUEL M. FELTON,
ALEXANDER BIDDLE,
N. PARKER SHORTRIDGE,
HENRY M. PHILLIPS.

BY THE CITY OF PHILADELPHIA.

WILLIAM ANSPACH,
G. MORRISON COATES,
ALEXANDER M. FOX.

BY THE BOARD.

THOMAS A. SCOTT,
GEORGE B. ROBERTS.

PRESIDENT,

J. EDGAR THOMSON.

VICE-PRESIDENTS,

THOMAS A. SCOTT,
GEORGE B. ROBERTS.

Assistant to the President,

STRICKLAND KNEASS.

Treasurer,
EDMUND SMITH.

Secretary,
JOSEPH LESLEY.

General Solicitor,

WILLIAM J. HOWARD.

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ANNUAL MEETING.

Philadelphia, March 10, 1874.

The Annual Meeting of the Shareholders of the Pennsylvania Railroad Company was held, at 10 o'clock, A. M., at Musical Fund Hall.

The Hon. William S. Stokley, Mayor of Philadelphia, was called to the Chair, and Joseph Lesley appointed Secretary.

The Annual Report of the President and Board of Directors for the year 1873 was read.

Mr. William A. Stokes then offered the following resolutions:

Resolved, That the Annual Report of the President and Directors of this Company for the past year, as just read, be printed in pamphlet form, for the information of the shareholders, and that it be referred to a Committee of , to be appointed by the Chairman, with power to examine and report upon the various subjects embraced in the same.

2. *Resolved*, That when this meeting adjourns, it shall be adjourned by the Chairman, to meet on
to receive the Report of the Committee appointed under the first resolution, and to act on that and any other subject which may be presented.

Mr. George Earle offered the following resolutions, as an amendment to the resolutions of Mr. Stokes:

Resolved, That the Report of the Directors of the Pennsylvania Railroad Company now presented to this meeting, be referred to a Committee of five Stockholders, having no business connection with the management of the affairs of the Company, who shall examine the said Report, and ascertain whether it contains a comprehensive statement of the affairs of the Company during the past year.

Also, to ascertain if the amount of the increase of the Capital Stock and Bonded Debt during the year 1873 is stated, and what amount of such increase has been expended upon the Pennsylvania Railroad, and whether any part has been expended upon any Railroad leased or operated by this Company and if so, whether the amount thus expended is stated, and the authority for such expenditure; and whether any part thereof has been loaned to any other Railroad Company and if so, what amount, and the authority for making such loan; and whether any part of such increase of Capital Stock and Bonded Debt remains unexpended, and if so, how much and where deposited.

Second. Also to further ascertain whether the Report gives a comprehensive statement of the receipts and expenditures of the Railroads leased, operated and controlled by the officers of the Pennsylvania Company; and whether the capital stock and bonded debt of any of the Railroads have been increased since any of such railroads have come under the control of the officers of said Pennsylvania Company and if so, the amount of such increase and in what manner expended; and whether any part of the net balance to the credit of business arising from operating the Pittsburg, Fort Wayne and Chicago Railway has been expended, or loaned upon, or to, any other railroad or corporation and if so, what amount; and whether the report contains an inventory of the property received from the Union Transportation Company, and to whom the $3,000,000 of stock of the Pennsylvania Company in consid-

eration thereof was paid. And also whether it gives the names of the persons who subscribed for the remaining $1,000,000 common stock, and the *actual cash paid by each subscriber.*

Third. Also whether the amount charged to general expenses, is sufficiently explicit; whether it contains the names and salaries of the officers, and whether any officers are receiving salaries for more than one office, and if so, the number and salary paid for each.

Fourth. Also whether the report contains a statement of the assets belonging to the Pennsylvania Railroad Company, and the Pennsylvania Company, and what they consist of, their actual cost and present value, and the amount of yearly income received from them.

Fifth. Also whether the total amount of the contingent fund, and net balance to credit of business is given; whether it consists of money, or is invested in bonds or other securities; the amount of income derived from the same, and if in money, where deposited and whether at interest or not.

At the close of this day's proceedings, this meeting shall stand adjourned until the day of , at 10 A. M., of which due notice of the place for holding such meeting shall be given, for the purpose of enabling the Committee to examine the said report in accordance with the requirements of this resolution; and also to obtain such additional information from the President of the Pennsylvania Railroad Company as the Committee may deem necessary to enable the stockholders to form a somewhat correct opinion of the affairs and the condition of the railroads owned, leased and controlled by this Company, and the railroads leased and controlled by the officers of the Pennsylvania Company, as well as any other business transacted by such officers. And the report so amended shall be printed, together with the proceedings of this meeting, and ready for distribution at least five days before the day named

for the assembling of the stockholders at such adjourned meeting to take further action on the said amended report. The said Committee may fill any vacancy which may occur in their body. The President of this Company is hereby requested to afford the Committee all necessary facilities in the discharge of the duties hereby required of them.

Resolved, That in all cases, before the Capital Stock or Bonded Debt of any railroad owned, leased, operated or controlled by the Pennsylvania Railroad Company, or of any railroads leased, operated or controlled by the officers of the Pennsylvania Company shall be increased, or guarantee the Bonds, or other indebtedness, or make any advances of money to or for any railroad or other corporation, or sell or loan any of the assets, or other property belonging to the Pennsylvania Railroad Company, or enter into or bargain for the lease, or to obtain the control of any railroad or other corporation, or permit the officers of the Pennsylvania Company to enter into or bargain for the lease, or obtain the control of any railroad or other corporation, or to sell or loan any of the assets or other property in their possession. The Board of Directors of the Pennsylvania Railroad Company, whenever they may deem it expedient to do or perform any of the acts herein enumerated, or permit the Officers of the Pennsylvania Company to do or perform any of such acts, shall, in each and all such cases, present to the Stockholders for their consideration and action, at their annual or special meeting called for any such purpose, a detailed and comprehensive statement, setting forth the necessity for and the advantages which are expected to be derived from the performance of any act herein set forth, either to the Pennsylvania Railroad Company or the railroads operated and controlled by the Officers of the said Pennsylvania Company.

Resolved, 1st, That the Directors of the Pennsylvania Railroad

Company are hereby requested to set forth in their future Annual Reports to the Stockholders the amount of the contingent fund, and what it consists of, whether in money or securities; also, the amount of the "net balance to credit of business" on hand, which said fund shall be yearly added to the net profits, and be kept as a special fund to meet any deficiency in the earnings of the Railroad to pay the usual dividend.

2d. Also, to give a detailed statement of the assets on hand at the time of making up such Report, with the cost and description of each class of security and their value, stating specifically whether interest paying or not, and the amount of yearly interest and dividend received from the same.

3d. Also a detailed statement of the charges under the head of general expenses, setting forth the number of officers and clerks employed in each of the several departments connected with the Company at the General Office, and the cost of each department, as well as the amount expended for printing and stationery, also incidental expenses.

4th. Also a more detailed statement of the amount charged as "bills and accounts payable, including dividends due stockholders unpaid," as well as amount of bills and accounts receivable, and amounts due from other roads.

5th. Also a statement of the receipts and expenses of each of the railroads controlled and operated by the officers of the Pennsylvania Company, and, in addition thereto, similar statements shall be made as required above with regard to the contingent fund, "net balance to credit of business," the assets, general expenses, and bills and accounts payable and receivable.

6th. Also a detailed statement of the receipts and expenses in conducting the business heretofore performed by the Union Trans-

portation Company, together with the names of the officers and clerks employed, their duties, and salary paid to each.

The Chairman decided that the first resolution of Mr. Earle would be in order, as an amendment to the first resolution of Mr. Stokes, after which the other resolutions could be submitted.

Mr. T. A. Scott expressed his views relative to the desirability of substituting the resolutions submitted by the Board of Directors for those presented by Mr. Stokes, whereupon Mr. Stokes remarked that, as courtesy and harmony demanded his acquiescence with the request of Mr. Scott, he cheerfully agreed to the proposed substitution.

Mr. T. A. Scott then moved to refer the resolutions of Mr. Stokes and all the resolutions of Mr. Earle to the Committee to be appointed by the Chairman.

Which was unanimously agreed to.

When, on motion, the resolutions attached to the Report of the Board of Directors were agreed to.

Mr. John Hulme offered the following resolutions:

1st. *Resolved*, That the Board of Directors, for the purpose of complying with the new Constitution of Pennsylvania (Art. 17, Sec. 2), shall keep open, for the inspection of any Stockholder or creditor, a book containing the name of every Stockholder, and the number of shares respectively held by each.

2d. *Resolved*, That at all elections for Directors of the Pennsylvania Railroad Company, the Board of Directors, and Managers are hereby instructed to comply with Art. 14, Sec. 4, of the new Constitution of Pennsylvania, which justly provides for the protection of the minority Stockholders by securing to them a minority representation in the Board by the cumulative system of voting.

3d. *Resolved*, That the Board of Directors of the Company be, and are, hereby directed to require from the President and Vice-Presidents, and all other salaried officers of the Company, their exclusive attention to the business affairs and interests of this Company, and that they shall not act as salaried officers of any other railroad, canal, navigation, improvement or construction company.

4th. *Resolved*, That the stock of the Pennsylvania Railroad Company held in the Sinking Fund of the Company, or any shares held in any other manner by the purchase of allotments, or in any other way, belonging to the Pennsylvania Railroad Company, shall not be voted at any election for Directors of the said Pennsylvania Railroad Company.

After a full explanation by Mr. Thomas A. Scott, Vice-President, as to the policy of the Company, in relation to the points referred to in the resolutions respectively, Mr. Hulme expressed himself as entirely satisfied, and withdrew his resolutions.

Mr. Hulme then offered the following resolution:

Resolved, That the names of all persons that may be put in nomination for Directors of the Pennsylvania Railroad, shall be published in not less than five of the largest daily newspapers of Philadelphia, for at least six days previous to the day of any election of such Directors, and the number of votes cast for each candidate shall be published in like manner immediately after the election.

Which was agreed to.

Mr. James Milliken offered the following resolution:

Resolved, That the President and Board of Directors be, and they are, hereby requested to take into consideration the expediency of granting increased facilities and accommodation to the manufactur-

ing interests, situate contiguous to the railroads owned and controlled by this Company within *the State of Pennsylvania*, and the State of New Jersey, and in the next annual report to state in what manner and to what extent it has been found practicable for this Company more directly to promote and encourage.

Mr. J. Loudon Snowdon moved to lay the resolution on the table.

Which was agreed to.

On motion, the thanks of the meeting were tendered to Hon. Wm. S. Stokley, for the ability, dignity and impartiality with which he had presided.

Which was unanimously agreed to.

On motion, adjourned.

W. S. STOKLEY,
Chairman.

JOS. LESLEY,
Secretary.

TWENTY-SEVENTH ANNUAL REPORT.

Office of the Pennsylvania Railroad Company,

Philadelphia, March 6th, 1874.

To the Shareholders of the

Pennsylvania Railroad Company.

The Directors submit the following report of the operation of this Company for the year ending the 31st of December last.

The revenues of the Company from its several investments, though curtailed to some extent by the effects of the financial panic upon the business of the country during the last three and a-half months of the year, have been very satisfactory, showing a *surplus net profit* for the year from your Main Line between Philadelphia and Pittsburgh after meeting operating expenses, interest, taxes and two semi-annual dividends, at the rate of ten per cent. per annum, of $2,198,767 14, which amount is largely in excess of any deficiency that can occur in the operations of its leased lines and on account of its guarantees.

It is believed the net results for 1874 will show much more favorably, inasmuch as the extensive improvements which are being made to afford additional facilities for moving and handling, with economy and dispatch, the large increase of tonnage over your railroads, and at the terminal points, Pittsburgh, Philadelphia and Jersey City, will be substantially completed within a few months. A partial and satisfactory use of them was had during the closing months of 1873.

The net profits of the first month of this year upon the line between Jersey City and Pittsburgh exceed those of the corresponding month of last year four hundred and eighty-six thousand three hundred dollars, without any *material* increase in its gross revenues—a result mainly due to the saving effected through these increased facilities and the reduction of the price of materials and operating expenses.

The revenues and expenses of your Main Line, between Philadelphia and Pittsburgh, with its Branches, during 1873, were as follows:

From Passengers,	$4,169,141 97	
" Emigrant Passengers,	230,529 49	
" Mails,	158,287 50	
" Express Matter,	450,241 40	
" General Freights,	19,608,555 07	
" Miscellaneous Sources,	269,253 47	
		$24,886,008 90

EXPENSES.

For Conducting Transportation,	$5,664,140 57	
" Motive Power,	4,223,530 53	
" Maintenance of Cars,	1,926,095 53	
" Maintenance of Road,	3,246,832 20	
" General Expenses,	379,706 33	
		$15,440,305 16
Leaving net earnings in 1873,		$9,445,703 74

In the above cost of "Maintenance of Road," is included the difference in the price paid for steel rails to replace those of iron; amounting to 16,760 tons, or about $670,000.

The net earnings Penna. R. R. for 1873, as above stated, were	$9,445,703 74
" " " " " " 1872, were	8,247,852 18
Showing increase in 1873 of	$1,197,851 56

The total earnings of these works in 1873, were - - -	$24,886,008 90
And for 1872, - - - - - - - - - -	22,012,525 27
Showing the increase of gross earnings in 1873, of - -	$2,873,483 63

Of the above earnings there were received from the 358 miles of Main Line:

In 1873, ($62,314 19/100 per mile), - - - - -	$22,308,481 68
In 1872, ($55,896 14/100 per mile) - - - - - -	20,010,818 80
Increase from the Main Line, - - - - - -	$2,297,662 88

And from the Branch Lines, leased and owned—excepting the Philadelphia and Erie Railroad.

In 1873—511 miles in length, - - - - -	$2,577,527 22
In 1872—426 miles in length, - - - - -	2,001,706 47
Increase from Branch Lines, - - - - -	$575,820 75

The earnings of Branch Lines operated by your Company in 1873, as already stated, were, - - - - - -	$2,577,527 22
The expenses of operating them, including rents of the Leased Branches, were, - - - - - - - - - -	2,560,097 10
Showing a net direct profit in operating these lines of - -	$17,430 12

The sources of revenue in 1873, compared with those of 1872, show the following figures:

	Decrease.	Increase.
From First Class Passengers, - - - -		$147,129 17
" Emigrant " - - - - -	$9,475 59	
" General Freights, - - - - -		2,751,663 66
" Mails, - - - - - - -		3,372 72
" Express Matter, - - - - -		614 05
" Miscellaneous, - - - - - -	19,820 38	
Total net increase, as above stated, - -		$2,873,483 63

The whole number of passengers carried in 1872 was 5,250,393, and in 1873, 5,879,684, an increase of 629,291, or $11\frac{98}{100}$ per cent. The average distance travelled by each passenger was $30\frac{18}{100}$ miles, being $2\frac{93}{100}$ less than in 1872.

The number of tons of freight moved (including 787,560 tons of fuel and other materials for the Company's use) was 9,998,794 tons, embracing 4,527,501 tons of coal. It was last year 8,459,535 tons, showing an increase of 1,539,259 tons, or over $18\frac{19}{100}$ per cent. The increase in coal tonnage over that of 1872 was 858,430 tons.

The actual cost of operating your Railroad, including Branch Lines, in 1873 was - -	$62\frac{04}{100}$ per cent. of receipts.
Excluding Branch Lines, - - - -	$57\frac{74}{100}$ " "

For more detailed statements of the receipts and expenses of your Main Line, the shareholders are referred to the full and satisfactory reports of the General Manager and the Controller.

The net earnings of the Pennsylvania Railroad, between Philadelphia and Pittsburgh, as already stated, were - -			$9,445,703 74
From which deduct two semi-annual dividends of 10 per cent. per annum, - -		$5,918,140 00	
Interest paid on Bonds of the Company, floating debt, &c.,	$2,739,178 45		
Less interest and dividends received from investments in other lines, &c., - - -	$2,372,107 64		
*Leaving balance of interest account, - -		367,070 81	
Rent of Harrisburg and Lancaster Railroad,		132,651 46	
State Taxes, - - - - -		369,074 33	

* It will be observed that after deducting the interest and dividends received, from the interest paid on bonds and floating debt of your Company, the amount required from the earnings to meet interest is only equal to six per cent. on $6,000,000 of debt.

Instalments paid to the State of Pennsylvania on account of principal and interest of purchase of Main Line of Public Works, which has thus been reduced from $7,500,000, the amount of original purchase, to $5,401,675 41, all of which has been paid from net earnings of the Railway,	460,000 00	7,246,236 60
Leaving a surplus net profit for 1873, of -		$2,198,767 14

The earnings of the United Railroads of New Jersey and Branches, and the Philadelphia and Trenton Railroad, in all 276 miles of road, were in 1873:

From Passengers, - - - - - -	$4,660,122 37	
" Freights, - - - - - -	3,398,231 39	
" Express Matter, - - - - -	271,865 20	
" Mails, - - - - - - -	49,511 07	
" Miscellaneous Sources, - - -	137,009 90	
		$8,516,739 93

EXPENSES.

For Conducting Transportation, - - -	$3,233,910 93	
" Motive Power, - - - - -	1,687,376 75	
" Maintenance of Cars, - - - -	434,890 38	
" Maintenance of Road, - - - -	1,337,470 12	
" General Expenses, - - - - -	98,539 87	
		6,792,188 05
Leaving net earnings in 1873, - - - - - -		$1,724,551 88

The sources of revenue in 1873, compared with those of 1872, show the following increases and decrease:

	Increase.	Decrease.
Passengers, - - - - - - -	$86,809 85	
Freights, - - - - - - -	131,937 53	
Express Matter, - - - - - -	35,310 25	
Mails, - - - - - - - -	1,026 07	
Miscellaneous, - - - - - -	- - -	$7,570 57
Total net increase, - - - - - -	$250,513 13	

The whole number of passengers carried in 1873 was 8,003,043, and in 1872, 7,580,795, an increase of 422,248, or nearly $5\frac{6}{10}$ per cent.

The average distance travelled by each passenger was $20\frac{9}{10}$ miles, being $\frac{4}{10}$ of a mile less than in 1872.

The number of tons of freight moved (including 197,365 tons of fuel and other material for the Company's use) was 3,051,577 tons, embracing 415,940 tons of coal; it was last year 2,536,304 tons, showing an increase of 515,273 tons, or over $20\frac{31}{100}$ per cent.

The actual cost of operating the United Railroads of New Jersey, including Branches, after deducting transit duties, rent of Connecting Railroad, and interest on property, and excluding Belvidere Division, in 1873, was $74\frac{4}{10}$ per cent. of their receipts. The cost of moving freight on these Railroads in 1873, was within $\frac{3}{10}$ of a mill per ton per mile of the whole amount received for the service, chiefly in consequence of the great expense of handling it, and the cost of ferriages.

On these lines, as well as on nearly all of the other lines worked by this Company, it appears that more passenger trains were run during 1873, for the accommodation of the public, than was justified by their receipts, and therefore these facilities have been to some extent reduced.

The additional tracks laid upon the line of the railway, to avoid detention in the movement of trains, and the increased terminal facilities provided to lessen the cost of handling freights, will it is hoped enable the New Jersey Lines to meet their rental in future out of their own earnings.

The earnings of the Belvidere Delaware Railroad, 68 miles, and the Flemington Branch, 12 miles, were in 1873:

From Passengers, - - - - - -	$195,220 62	
" Mails, - - - - - - -	5,758 98	
" Express Matter, - - - - -	3,974 07	
" General Freights, - - - - -	938,228 30	
" Miscellaneous Sources, - - - -	5,040 79	
		$1,148,222 76

EXPENSES.

For Conducting Transportation, - - -	$248,956 40	
" Motive Power, - - - - -	210,289 27	
" Maintenance of Cars, - - - -	73,686 60	
" Maintenance of Road, - - - -	292,980 38	
		825,912 65
Showing a balance to credit of Belvidere Delaware Railroad, and Flemington Branch, for 1873, of - - - - - - - -		$322,310 11

The following statement gives the increase in business of the Belvidere Delaware Line for 1873 over 1872, including the first three months of 1872 during which time the road was operated by the Belvidere Delaware Railroad Company.

First *three* months, 1872, - - - -	$187,287 86	
Last *nine* " " - - - -	664,393 18	
		$851,681 04
Total for 1873, - - - - -		1,148,222 76
Total net increase, - - - - - - - -		$296,541 72

The whole number of passengers carried in 1873 was 397,153, and the average distance travelled by each passenger was 17 miles.

The number of tons of freight moved (including 26,753 tons of fuel and other materials for the Company's use) was 1,444,573 tons, embracing 1,224,528 tons of coal.

The actual cost of operating the Belvidere Delaware R. R., including the Flemington Branch, in 1873 was 71 $\frac{93}{100}$ per cent. of its receipts.

No comparisons of tonnage and passengers are made with 1872, as the Pennsylvania Railroad Company did not assume the management of the Belvidere Delaware Railroad until the first of April of that year.

The earnings of the Philadelphia and Trenton Railroad and Branches 38 miles, and the United Railroads of New Jersey and Branches 238 miles, Belvidere Delaware Railroad 68 miles, and Flemington Branch 12 miles, and the Delaware and Raritan Canal 61 miles, including feeder, in 1873, were:

From United Railroads of New Jersey, -	$8,516,739 93	
" Belvidere Delaware Railroad and Flemington Branch - - - - -	1,148,222 76	
	$9,664,962 69	
Delaware and Raritan Canal, - - -	1,590,100 12	
Total earnings during 1873, - - -		$11,255,062 81

EXPENSES.

Of the United Railroads of New Jersey, - -	$6,792,188 05	
" Belvidere Delaware Railroad and Flemington Branch, including net earnings ($322,310 11), - - - - -	1,148,222 76	
" Delaware and Raritan Canal, - -	883,321 46	
		$8,823,732 27
Total net earnings of railroads and canals in 1873, - -		$2,431,330 54
Interest on bonds of United Railroad Co,	$1,168,570 24	
Dividends to shareholders, - - -	1,948,450 00	
Making the rental - - - - -		3,117,020 24
Less net earnings of railroads and canals in 1873, as above,		2,431,330 54
Showing a loss on the New Jersey Railroads and Canals of		$685,689 70

The net profit of the Pennsylvania Railroad after paying interest and dividends, &c., as before stated, was -	$2,198,767 14
From which deduct loss on New Jersey Railroads, - -	685,689 70
Leaving as surplus net profits on the whole line from New York to Pittsburg, after providing for a 10 per cent. dividend, and interest, &c., - - - - -	$1,513,077 44

The New Jersey Lines it is believed, after 1873, will show but little, if any, loss in working them, the large expenditures made to lessen the cost of moving and handling freights upon them being now nearly completed. In consequence of the want of these facilities, the expenses of the freight department in 1873 very nearly equalled its receipts, leaving a margin of profit of *but* $\frac{32}{100}$ of a mill per ton per mile.

The bridge recently placed by the New Jersey Central Railroad Company across the Raritan at Amboy, which now seriously impairs the free navigation of that river as granted by the State of New Jersey to the Delaware and Raritan Canal Company, threatens to still more seriously interfere hereafter with the business of this great National highway, which forms an important part of the only *internal water avenue* of commerce between the Seaboard cities. The Pennsylvania Railroad Company has endeavored to obtain from that Company a modification of the plan of their bridge, so as to remove this difficulty, but as yet without success. As at present located and constructed it largely increases the risks of navigating that stream, and the expense of the towage of all boats and vessels passing it.* Its interruption there-

* The tonnage delivered by this canal into the Raritan River exceeds that delivered by the Erie Canal into the Hudson River, and equals that of the foreign trade of New York, both in American and foreign vessels passing out at Sandy Hook.

fore, even to a small extent, is of very grave importance to the whole country. Negotiations are now pending with the New Jersey Central Railroad Company to alter this bridge, so as to lessen the evil. These negotiations, if successful, will result in the withdrawal of the suit now before the Supreme Court of the United States, for the abatement of an obstruction to navigation placed across this river, only for the purpose of accommodating travel between New York and a watering place at Long Branch, already amply provided with facilities of communication not excelled by those offered by this new line.

The earnings of the Delaware and Raritan Canal in 1873, on 44 miles of canal and 17 miles of feeder, were:

From Tolls, - - - - - -	$1,047,350 43	
" Steam Towing, - - - - -	518,997 38	
" Miscellaneous, - - - - -	23,752 31	$1,590,100 12

EXPENSES.

For Maintenance of Canal, - - - -	$188,139 67	
" Canal operation, including drawbacks of $70,108 75, - - - - - -	241,393 29	
For Steam Towing account, - - -	450,788 50	$883,321 46
Leaving net earnings in 1873, of - - - - -		$706,778 66
Being an increase in net earnings over 1872, of - -		$198,210 91

The number of tons of freight moved was $2{,}754{,}837\frac{638}{2240}$, embracing 1,977,105 tons of coal. It was last year $2{,}837{,}532\frac{1904}{2240}$ tons, showing a decrease of $82{,}695\frac{1266}{2240}$ tons, or $2\frac{9}{10}$ per cent.

Notwithstanding the increased cost of towage by reason of the obstruction of the bridge across the Raritan, the average cost of moving freight was $\frac{677}{1000}$ of a cent per ton per mile, and for 1872 $\frac{739}{1000}$ of a cent per ton per mile, showing a decrease of $\frac{62}{1000}$ of a

cent per ton per mile. The actual cost of operating your canal was $55\frac{55}{100}$ per cent. of its receipts.

This canal is capable of accommodating a much larger tonnage than now passes through it without further outlays for construction, and this traffic must continue to grow with the population and wealth of the whole seaboard, if not interfered with by the obstructions referred to.

Its business has been well systematized by its General Superintendent, I. J. Wistar, and is now conducted with much economy and promptness.

The earnings of the Philadelphia and Erie Railroad in 1873 were:

From Passengers, - - - - -		$632,620 30
" Freights, - - - - -		3,042,806 00
" Express matter, - - - -		41,189 10
" Mails, - - - - - -		30,748 41
" Miscellaneous sources, - - - -	94,703 39	
Total (nearly $13,340\frac{51}{100}$ per mile of road),		$3,842,067 20
The operating expenses during same period were:		
For Conducting Transportation, - - -	$872,256 99	
" Motive Power, - - - - -	962,781 49	
" Maintenance of Cars, - - - -	398,390 03	
" Maintenance of Road, - - - -	1,179,882 33	
		3,413,310 84
Showing balance to the credit of P. & E. R. R. Co., of - -		$428,756 36

The sources of revenue in 1873, compared with those of 1872, show the following increases and decreases:

	Increase.	Decrease.
Passengers, - - - - - - - -		$14,653 79
Freights, - - - - - - - -		134,742 92
Express Matter, - - - - - -		3,728 77
Mails, - - - - - - - - -	$3,175 21	
Miscellaneous, - - - - - -	11,264 60	
Total net Decrease, - - - - -		$138,685 67

The whole number of passengers carried in 1872 was 839,793, and in 1873, 777,273, a decrease of 62,520, or nearly 8 per cent.

The average distance travelled by each passenger was 26 miles, being $1\frac{57}{100}$ miles more than in 1872.

The number of tons of freight moved (including 191,988 tons of fuel and other materials for the Company's use) was 2,356,234, embracing 959,259 tons of coal. It was last year 2,211,269 tons, including fuel and other materials for Company's use, showing an increase of 144,965 tons, or over $6\frac{5}{10}$ per cent.

The actual cost of working the Philadelphia and Erie Railroad in 1873 was $88\frac{84}{100}$ per cent. of its receipts; but for the panic of September last, the results of the operation of this Line would have been about the same as last year. The country at present drained by the Philadelphia & Erie Railroad has a very limited local traffic, except in lumber, and the demand for this seemed to cease with the commencement of the late financial panic; and as the country traversed is poor, it purchases supplies only for its immediate wants and, therefore, the consumption of merchandise fell off to the lowest point, and has not since revived. Another reason for the falling off in the gross receipts, is the decrease in the oil trade, consequent upon the change that has occurred in the oil producing territories of the region near Titusville and Tidioute, which have ceased to yield up to their former production and to the discoveries of the new oil territories near Brady's Bend on the Allegheny River, and in Butler County, from which the largest shipments are now obtained. These centres of production are about one hundred miles distant from the line of the Philadelphia and Erie Railroad, and the greater part of the oil produced there is thus thrown upon the Western Pennsylvania Railroad, which connects with the Main Line of your Railroad at Blairsville. The opening of the "Low Grade

Road" in May next, will restore a share of this traffic to the Philadelphia and Erie Road, at the Bennett's Branch Junction, giving to it about 120 miles of transportation.

The causes that lead to the unsatisfactory result of this Line were pretty fully stated in our last annual report, and may all be summed up in the fact that it is located where there is not sufficient local traffic to justify its construction. Had it followed the line of the "Low Grade Road," from the confluence of Bennett's Branch of the Susquehanna River to Brookville, and by the most direct route to Franklin, and thence to Erie, it would have traversed a country abounding in coal, iron ore and oil, the conveyance of which would have made it a profitable enterprise. But the Directors, tempted by small subscriptions to its shares at Ridgeway and Warren, passed the line through these points, thus traversing coal fields of lesser importance, and a country yielding up to this time very little local traffic, excepting in lumber.

The early completion of the Bennett's Branch Railroad, (Low Grade Road) from a connection with the Allegheny Valley Railroad to Driftwood, and the road now completed from Emporium to Buffalo, will bring in the course of time a considerable increase to the traffic of the eastern part of the Philadelphia and Erie Railroad, and will, no doubt, add materially to its revenues; but the development of the business on these new lines must necessarily be of slow growth, so that immediate and important results must not be expected. Indeed, the shareholders of that Company can only rely upon the gradual development of the local business of the line and its connections to make their property remunerative, the through traffic having necessarily to be carried at rates which can never be very profitable, and which are at all times liable to be forced down to, or below, the actual cost of transportation by the competition of rival lines.

The following table shows the average earnings from freight and passenger traffic, and the cost of moving it per net ton and per passenger per mile on each of the railways worked by the Pennsylvania Railroad Company.

Name of Railroad.	Average cost of transporting each passenger per mile.	Average earnings from each passenger per mile.	Profit and loss on each passenger per mile.	Average cost of transporting each ton of freight per mile.	Average earnings of transporting each ton of freight per mile.	Average profit on transporting each ton.	Length of Railroad.
Pennsylvania R. R. & Br...	$2\frac{01}{100}$	$2\frac{48}{100}$	P $0\frac{47}{100}$	$0\frac{857}{1000}$	$1\frac{415}{1000}$	$0\frac{558}{1000}$	869
New Jersey Lines.....	$1\frac{78}{100}$	$2\frac{78}{100}$	P $1\frac{00}{100}$	$2\frac{233}{1000}$	$2\frac{265}{1000}$	$0\frac{032}{1000}$	276
Belvidere Delaware.....	$2\frac{93}{100}$	$2\frac{88}{100}$	L $0\frac{05}{100}$	$0\frac{929}{1000}$	$1\frac{388}{1000}$	$0\frac{459}{1000}$	80
Philadelphia and Erie.....	$3\frac{809}{1000}$	$3\frac{123}{1000}$	L$0\frac{686}{1000}$	$0\frac{985}{1000}$	$1\frac{135}{1000}$	$0\frac{150}{1000}$	288

Canals.

The Pennsylvania Canal (of the capital stock of this Company, the Pennsylvania Railroad Company hold 70,231 shares, of $50 each, out of a total capital of 89,143 shares) is formed of what is now termed its Main Line from Columbia to Wilkesbarre, 151 miles in length, with a Branch from Northumberland to Lockhaven on the west-branch of the Susquehanna River, 71 miles, and a Branch to Williamsburg from the mouth of the Juniata River, 113 miles, making in all 347 miles of canal, including the Wisconisco feeder, twelve miles in length, purchased of the Wisconisco Canal Company.

These works were originally built by the State of Pennsylvania. That portion between Columbia and Williamsburg, 159 miles, becoming the property of this Company by purchase from the State

for the sum of $1,000,000, its estimated value compared with the payment to be made ($7,500,000) for the whole Main Line of Public Works from Philadelphia to Pittsburgh.

The other portions of this Canal were obtained by purchase, and consolidation with other companies, that the whole might be worked as one system.

It soon became evident after its purchase, that this Canal, originally built for a depth of four feet of water, but which had, from neglect, become less than three feet, would have to be enlarged to six feet in depth, to enable it to compete, in any degree, with the railways penetrating the same territory.

With this view, its enlargement between Columbia and Wilkesbarre was commenced, and is now substantially completed. It was not deemed expedient to enlarge the Branches until it could be practically demonstrated that such an enlargement would prove a financial success. The Branch Canals have been restored to their original dimensions, and now meet their expenses. The net profits of all of these canals for 1873, after paying interest upon their debt, was $147,580, all of which has been invested in canal boats. This result is due to the fact, not only of the small amount of present capital as compared with their original cost, but that the canals and railroads are managed under an arrangement by which they both obtain reasonable rates for the transportation of the traffic passing over them. The revenues of these canals in 1874, it is believed, will considerably exceed those of 1873, and the net results will then be fairly shown, as directions have been given to close the construction account, and charge all outlays in future to expense account. No further enlargement of these canals will be undertaken, until it has been fully ascertained that their increased dimensions will enable them to compete in economy of transit with your Railroads.

Coal Lands and Coal Transportation.

The Policy of the State of Pennsylvania has led to the absorption, either directly or indirectly, of nearly all of the best anthracite coal properties in the State, by all of the *carrying companies* leading from that coal region to the seaboard. Whether this policy will prove to be for the best interests of the State, or otherwise, time alone can demonstrate. These purchases were being quietly but rapidly made by other railway companies, and they threatened to take from the works of the Pennsylvania Railroad Company all of this coal traffic, for the accommodation of which your canals on the Susquehanna were originally built by the State, and if fully consummated would have left these works upon your hands as dead investments. To prevent such a result, and to retain some of this traffic for its railroads, the Pennsylvania Railroad Company was compelled to follow the example of other railroad companies, by securing, in the vicinity of its lines, the control of coal lands that would continue to supply transportation for them. With that object in view, this Company obtained control of the amount of lands mentioned in the following table, which also shows their cost to *the Pennsylvania Railroad Company*, and the estimated present value of *their* interest therein.

	No. of acres.	Cost to P. R. R Co., including development.	Present estimated value of P.R. R. Co.'s interest.
In Wilkesbarré Coal Region.....	5,823	$1,000,000	$1,500,000
In Hazleton Coal Region.....	2,119	270,000	800,000
In Shamokin Coal Region.....	7,808	1,092,574	1,750,000
In Lykens' Valley Coal Region.....	12,300	1,495,000	6,000,000
Totals.....	28,050	$3,857,574	$10,050,000

All these coal fields have connection with tide-water, over both your Railroads and Canals, and they will be worked to an extent that will insure fair profits upon the investments, and at the same time continue a supply of tonnage for your works at remunerative rates of freights. The coal from the Lykens Valley region commands the highest price of any of the coals of this State, and the product has not, heretofore, been equal to the demand.

The bituminous coal fields of Pennsylvania are traversed by your Railroad from a point a few miles west of Altoona to Pittsburg, a distance of over 100 miles, and from the west branch of the Susquehanna River to the Maryland line. North of the west branch of the Susquehanna, up nearly to the State of New York, bituminous coal of good quality exists, but the deposits are of moderate thickness, and except where the market is near are not worked to a large extent. These coal fields on the line of your Railroads are already penetrated by several Branches from the main stem, bringing to it a large and increasing tonnage, and the mines upon them are capable of a development that can meet any demands that the market will require. The bituminous coals of this region have only within the past fifteen years sought an Eastern market, owing to the nearness of the anthracite region; but the yearly increase in the cost of mining anthracite coals, and the large amount of capital required to work them with economy, have gradually brought the price of this variety of coal to a point which compels the introduction of the bituminous coals for consumption in the East, to a very large extent, particularly for gas and steam purposes and for the manufacture of iron. This demand at the Seaboard has also been still further stimulated by the rapid advance during the last few years in the price of English coals, which have heretofore monopolized the West India and South America markets.

To supply this increasing demand, we have not only the coal fields traversed by your Main Line, but also that just being opened to market by the "Low Grade Road" in Jefferson County, where the deposits are of great thickness, and the coals of a superior quality. This coal field is also accessible to the Lake Region, where in time, the demand for it must become very great. The transportation of coal, from this field to tide-water and the markets of the East, will not encounter an ascending gradient exceeding sixteen feet per mile, and this only for a short distance.

The bituminous coal transported on your Main Line, notwithstanding the short time since it has sought an Eastern market, reached in 1873 the large amount of 3,353,541 tons, exclusive of that used by the Company for its own consumption.

The total anthracite tonnage transported during the year upon your Main Line was 1,173,960 tons, and on your Canals 1,542,125 tons.

The carriage of this product is much larger than of the agricultural products of the West, and the profit derived from it quite as great per ton per mile.

General Remarks.

An unusual amount of public attention has been directed during the past year to the charges for transportation made upon the different channels of conveyance between the East and the West, particularly in reference to those upon agricultural products, and various remedies have been proposed to cure what has been termed a serious evil, which in fact has no existence, at least between the great commercial centres of the West and the Seaboard, as we shall presently demonstrate.

A close examination of the accounts of this Company will show, that its charges for freight upon agricultural products scarcely bear the expenses of transportation, and on many items

the charges for transportation are below actual cost, leaving for the conveyance of the aggregate tonnage of agricultural products, little or no profit to the Railroad Company; this is largely due to the irregularity of its movement, and the comparatively small amount of back loading obtained, as four-fifths of the cars return empty. The profits of the Company from this source are almost wholly derived from the transportation at higher rates of the valuable articles, which the sale of these products enables the merchants and farmers to purchase in the East for consumption at home. If the shareholders of the Eastern Trunk Lines relied upon the direct profits from the carriage of agricultural products for dividends, they would be disappointed in their expectations. One of the complaints against railway companies by the advocates of cheap transportation, is, that the railway capital of the country has been "watered," that is, increased by the issue of shares not represented by any expenditures upon their railways. This does not apply to the administration of the Pennsylvania Railroad Company; on the contrary, a very large amount of its net revenues have been applied to construction account. Notwithstanding the heavy charges that have been made from net revenue from time to time to expense account, the cost of transporting freight, by reason of the increased quantity now moved, and the improvements made in the railway and rolling stock of the Company, has been reduced from $1\frac{870}{1000}$ cents per ton per mile in 1864 to $\frac{857}{1000}$ of a cent in 1873, from which it will be perceived that the cost of movement in 1864 was 118 per cent. greater than it was in 1873. The whole benefit of this reduction has been given to the public in reduced rates upon transportation, which have likewise fallen from an average charge in 1864 of $2\frac{46}{100}$ cents per ton per mile to $1\frac{41}{100}$ cents in 1873.

The reduction in the cost of transportation has now nearly reached

its limit, unless there should be a material fall in the price of labor and materials, which is not anticipated or desired by railway companies, as their prosperity is mainly due to the prosperity of all classes of the community.

The facilities for transportation between the East and West are now in excess of the demands of the public, and the construction of any additional avenues for through traffic would, from the causes already stated, rather tend to increase the cost of moving freight than otherwise, and no new avenue could be built at this time that would not greatly exceed, in actual cost of construction, those now in existence, in consequence of the advance in price of labor and materials.

To reduce the cost of transportation from the West, the attention of the public has been called to the construction of new canals between the East and West, but owing to the great cost of such works and the large amount of lockage required to overcome the intervening summits, no canal can be constructed upon the routes proposed, at any point, between the New York Canal and the water route of the Mississippi River itself, that could compete in rates of freight with the railways already built. The effort to do so was made by the State of Pennsylvania, and proved a failure. Even the New York canals, with their comparatively small amount of lockage and enlarged dimensions, viewed as a *direct investment* of capital, are now profitless to their owners. The shareholders of the Schuylkill Navigation Company, a complete and enlarged enterprise, were compelled by railway competition to lease their canal to the Reading Railroad Company on very low terms, to save for themselves even a very small interest upon their capital invested. Railway shareholders have therefore, nothing to fear from this threatened rivalry, and no party can lose by their construction except those who may invest their money in such enterprises.

Experience seems to have developed the fact that no system of canals can now be worked profitably at their original cost in competition with railways, unless they are located like the Chesapeake and Delaware, and Delaware and Raritan Canals, connecting navigable rivers, and between great commercial centres.

The process of "watering" railway stocks—so much complained of by the public, is not usual; even the increase of shares made by the New York Central Railroad Company so frequently alluded to, was made upon the principle adopted by every merchant at the end of the year if his stock of merchandize on hand has materially advanced in value, and such was the case with the real estate of that Company, exclusive of the large additions to, and therefore enhanced value of, its works, paid for out of the net profits of the railway.

The Pennsylvania Railroad Company as already shown has pursued a different policy, giving to its shareholders liberal dividends from the *date of the commencement* of the surveys for the enterprise, passing only one semi-annual dividend of 3 per cent. during the prevalence of the financial panic of 1857, until the present time.

The Baltimore and Ohio Railroad Company, from the necessity of applying their whole net revenues to the construction of their railway, and not from choice, pursued for many years a still more conservative policy, having paid the shareholders of its Main Line dividends averaging only $\frac{3}{10}$ of one per cent. per annum, or in the aggregate only amounting to six per cent. for the first twenty years of its existence—an amount just equal to the payments by this Company in dividends during the first year of its organization.

For the following six years the Baltimore and Ohio Railroad Company paid to the shareholders of its Main Line, dividends averaging $\frac{3}{4}$ of one per cent. per annum, amounting in the aggregate to but $4\frac{1}{2}$ per cent. for the entire period of six years—while the share-

holders of the Pennsylvania Railroad Company received for the same period 36 per cent. from the profits of the line, and on the completion of the railroad to Pittsburgh with a single track, there was left from the net profits of the railroad $87,431 41, which amount, under the provisions of its charter, was credited to the cost of construction, thus reducing to that extent the capital of the Company. From 1853, when your line was opened to Pittsburgh, up to 1873—twenty years, the dividends of the Pennsylvania Railroad Company have averaged $9\frac{9}{10}$ per cent. per annum; the total dividends of the Company from its organization, to the first of January of this year having been 234 per cent.

The unsatisfactory financial condition of many of the Western railway companies is mainly due to the construction of their lines in advance of the requirements of the country, many of them having been built as rivals to other lines where the traffic was scarcely sufficient for one.

The surplus income of this Company has gradually accumulated to an amount which, after charging the whole expenditure made by it in connection with the Southern Railway Security Company, and other investments of doubtful value, to profit and loss, as we did after the panic of 1857, with a similar investment made in the Cincinnati and Marietta Railway, leaves still standing to the credit of income account the large sum of $8,842,563 43, all of which is represented by disbursements on your Railroad and its connections.

Since the civil war the investments made by northern capitalists in railways of the Atlantic slope of the Southern States have generally proved disastrous, chiefly from the financial exhaustion of this region and its slow recuperation. The gradual accumulation of new capital among themselves promises hereafter a period of greater prosperity.

Though the whole of the expenditure by this Company in connec-

tion with the Southern Railway Security Company has been charged to profit and loss, and carried to the suspense account, it is believed that it will in time yield some favorable return, and bring traffic of some value to the lines controlled by this Company, for the benefit of which this expenditure was originally undertaken.

The last annual report of your Directors gave for the first time, a statement that exhibited the full net profits of the Company, nothing having been charged to expenses that was properly due to construction account, except probably the difference between the cost of steel and iron rails. This was done as then stated, for the purpose of enabling the shareholder to determine for himself the value of his shares. The net profits of the Company were therein shown to have been over 15 per cent.

The surplus, after paying 10 per cent. per annum dividends amounting to $2,395,423, was credited to profit and loss. Notwithstanding this explicit statement of our net revenues for 1872, and the assurance from time to time that the business of the Company for 1873 was satisfactory in its results, your shares at the close of the year became needlessly depressed in price. Its depression below the price of the shares of other leading railway companies of this State does not seem to be justified by the present condition and future prospects of this Company.

The obligations of this Company for rentals and guarantees of leases on account of the lines now operated by the Pennsylvania Company west of Pittsburg, as will be seen by the statement appended to the Treasurer's report, have all been met from the net revenues of the lines, except the sum of $399,244 98, and this has been provided by the Pennsylvania Company out of its other resources, and is, consequently, not a charge upon the revenues of this Company.

These lines control and deliver to and distribute from our Main

Line a large amount of through traffic, which, though the margin of profit on it per ton and per passenger is small, adds materially to the net profits of this Company. These profits have also enabled the Pennsylvania Railroad Company to reduce the charges for transportation of local traffic within the State of Pennsylvania, to their present low standard.

The lines east of Pittsburgh, for which interest and rentals have been guaranteed by this Company, except the New Jersey Lines (deducted elsewhere from the receipts of the Main Line), have all met and paid their own liabilities, except those set forth in the tabular statement attached to the Treasurer's Report, amounting in the aggregate to $1,163,749 87, from which deduct the surplus accruing to the credit of the Western Pennsylvania Railroad Company, $240,968 77, leaving a balance of $922,781.10, which sum has been advanced by this Company. The respective companies are charged with the amounts advanced for them, to be repaid out of their earnings and other resources. The shareholders will understand that in each of these cases where advances have been made, the companies are controlled by this Company, under leases or otherwise

Accompanying the Treasurer's Report will be found a detailed list of the bonds and stocks owned by this Company, many of which were purchased during the past twenty years, and are now held to control the respective Lines, aggregating, at their par value, $73,594,440, which cost this Company $52,692,419.09, on which cost they are now paying into the treasury of this Company over four per cent. per annum.

Some of these securities are not now paying interest or dividends, but it is believed, as the lines are developed, they will become sufficiently profitable to make all these investments pay an average of over six per cent. per annum on their cost.

This Company, in addition thereto, will always enjoy the control of the traffic of these lines, which, each year, under prudent management, must become more valuable.

In creating the consolidated mortgage, authorized by the shareholders at their last meeting, the assets of the old Sinking Funds and other assets, which represent nearly all of the securities above referred to, were placed in a trust fund to further secure the bonds that may be issued under that mortgage, of which Wistar Morris, Josiah Bacon and Edmund Smith were made Trustees.

The financial wants of the Company for 1873, it was believed, were fully provided for and in due season, and the provisions made for them would have been ample to meet all demands upon the treasury of this Company, including the November dividend, but for the unexpectedly large requirements made upon us to sustain the credit of our connecting lines, and enable them to pay for outlays necessary to accommodate their increasing tonnage.

Rather than pay the exhorbitant rates then demanded for money, or adopt the alternative, as was done during the panic of 1857, of passing the dividend, the Board deemed it best to meet the question by an issue of interest-bearing scrip, payable in fifteen months—which action seems to have given general satisfaction to the shareholders; of this scrip $754,600 00 has already been redeemed, and more will continue to be absorbed in the payment of instalments due upon subscriptions to our stock.

It may also be mentioned, that in consequence of the financial panic, the amount derived from the sale of exchange was not as great as anticipated, and receipts from the sale of our bonds in Europe were reduced to that extent.

The following statement will show the amount of money received from subscriptions to the capital stock of this Company, and from the sale of its bonds,

&c., during the year 1873; also, the accounts to which the money thus received has been applied:—

It will be seen, from the Treasurer's statement annexed, that the General Account for 1873, shows a total of - -	$140,725,637	
do 1872, do - -	116,658,824	
An increase in the year 1873 of - - -		$24,066,813
On the debit side of the account this increase is made up of—		
Increase in capital stock, - - - -	14,872,538	
Bonded debt, - - - - -	8,073,476	
Bills payable, - - - - -	898,551	
Securities New Jersey Companies, - - -	257,000	
Accounts payable, - - - - -	41,839	
	$24,143,404	
Decrease in profit and loss, - - - -	76,591	
		$24,066,813
On the credit side of the account this increase is made up of—		
Increase in construction of third track, sidings, machine & car shops, passenger & freight stations, &c.,	$1,300,387	
Increase in equipment, 155 locomotives, 49 passenger cars, 2533 freight cars, and 40 road cars, - -	4,179,159	
Increase in real estate purchased, - - -	477,887	
" construction on the extension from West Philadelphia to the Delaware River, -	76,516	
Increase in bonds and stocks purchased of other companies in which this Company owns a majority of capital stock, to enable them to complete their works and extend their facilities, - - -	7,351,165	
Increase in securities New Jersey Co.'s, - -	257,000	
Increase in fuel and materials for the operations of the Pennsylvania, Philadelphia and Erie, and New Jersey Railroads, - - - - -	388,141	

*Increase in bills and accounts receivable, consisting mainly of advances to railroad companies in which this Company has a controlling interest, - -	8,141,426	
Increase in balance in hands of agents, - -	877,867	
Increase in balance in hands of Treasurer, - -	917,265	
		$24,066,813

As the equipment of your Railroad and connecting lines controlled by this Company, is now nearly sufficient to meet the demands of their traffic, similar outlays will be quite light for some years to come.

The Board has no apprehensions as to the future value of your property. The rapid increase of its local tonnage and its assured connections with all of the important commercial centres of the West, have demanded from the Company a large increase of capital to furnish facilities for moving its present heavy and increasing traffic, without which the *existing and increasing tonnage could not have been moved with economy or dispatch.*

The amount required has been unexpectedly large, but its expenditure could not have been avoided. These facilities, when completed, it is believed will be sufficient, with but small additions, to meet the requirements of the public for several years.

In consequence of the depressed financial condition of the country, which affected seriously the traffic of your Railroad, it became necessary to reduce expenses of every kind, and in so doing, to make a reduction of ten per cent. in the salaries and wages of every person in the service of the Company. The necessity for this movement was so thoroughly appreciated and kindly met by all our

*The above item includes advances to the United Railroad Company of New Jersey, the Philadelphia and Erie Railroad Company, and other lines, for permanent improvements—large portions of which have been settled since 1st January, and other portions are well secured by collateral and otherwise.

officers and employes, that the Board now desire to make to them this acknowledgment, and express the hope that the condition of the country and the business of the Company will, at an early day, warrant a return to better rates.

In conclusion, the Board take great pleasure in renewing their acknowledgment of the efficient manner in which the business of the Company has been conducted by A. J. Cassatt, General Manager, and by the officers and employees generally during the past year, and they beg leave to submit for your consideration and action the accompanying preamble and resolutions.

By order of the Board,

J. EDGAR THOMSON,

President.

WHEREAS, a desire has been expressed by many shareholders, that a Committee should be appointed by this meeting to examine all the property of the Company, and prepare a full exhibit of its real value.

AND WHEREAS, the management of the Company desire, in order to meet the views of shareholders, that a Committee of shareholders be appointed to investigate the condition of the Company in every respect; therefore be it

Resolved, That the report of the Board of Directors, as just read, be printed in pamphlet form for the information of the shareholders, and that a Committee of seven shareholders of the Company, entirely disconnected from its management and operation, be appointed by the Chairman of this meeting, and by him be requested to serve as a Committee to examine the report, and examine into the condition of the Company; to make an appraisement of the value of the roads, shops, machinery, real estate, depots, bonds, stocks and all other assets

of the Company; also to examine into the liabilities and obligations of the Company, including all its guarantees for other lines, with the sources of revenue to meet the same; also its contracts and relations with other companies and parties of every kind; and to report the results of this examination to the shareholders in such form as said committee may deem most advisable for the interest and information of the shareholders, either by printed report for distribution, or at their option, by calling a meeting of the shareholders to present their report, giving thirty days' notice of such meeting by advertising in the usual form.

Resolved, That the President, Directors and Officers of the Company be requested to furnish such Committee with all needful information and facilities, to enable them to accomplish the object of their appointment.

Resolved, That the Chairman of this meeting be requested to appoint a Committee of seven shareholders of this Company, to recommend, after conferring with the President, ticket for Directors, to be voted by the shareholders at the next annual election —as directed by the existing resolution adopted by the shareholders, February 1, 1858.

Resolved, That in the event of any of the shareholders declining, or being unable to serve on either of the foregoing Committees, His Honor the Mayor of the City of Philadelphia, as Chairman of this meeting, be authorized and requested to fill such vacancies by the appointment of other shareholders of this Company, who may be in like manner entirely disconnected from its management and operation.

Dr. GENERAL ACCOUNT.

To Capital Stock Full paid,	$67,056,750		
Part paid,	1,087,725		
Total amount of Capital paid in.....		$68,144,475	00
To First Mortgage Bonds due 1880	$4,970,000 00		
" Second " " " 1875	4,865,840 00		
" General " " " 1910	19,558,760 00		
" Consol'd " " " 1905	8,245,000 00		
" Lien of the State upon the Public Works between Philadelphia and Pittsburgh, bearing 5 per cent. interest, payable in annual instalments of $460,000, applicable first to the interest, and the remainder to principal, the original amount of which was $7,500,000 00.....	5,401,675 41		
" Mortgages and Ground Rents at 6 per cent. remaining on Real Estate purchased	104,509 32		
		43,145,784	73
" Bills payable.....	$2,470,963 90		
" Acceptances given to other Companies.....	2,140,833 34		
		4,611,797	24
" Accounts payable, including Freight and Passenger balances due to other Roads, Pay Rolls and Vouchers for December, 1873, paid in January, 1874; also, Dividends unpaid and Dividend Scrip outstanding.....		11,658,791	12
" Appraised Value of Securities owned by The United New Jersey Railroad and Canal Company, and transferred with the Lease of the Works of that Company.....		4,322,225	25
" Contingent Fund.....		2,000,000	00
" Balance to credit of Profit and Loss.....		6,842,563	43
		$140,725,636	77

E. & O. E.—PHILADELPHIA, *December* 31, 1873.

By Balance standing on Books of the Company for the Construction of the Railroad between Harrisburg and Pittsburgh, including Branches to Indiana and Hollidaysburg (in all 276 miles); also for the cost of Stations, Warehouses, Shops, and Shop Machinery, on the whole Road from Philadelphia to Pittsburg	$19,610,223 81		
" Balance standing on the Books of the Company for the purchase of the Phila. & Columbia R. R.....	5,375,733 43		
" Balance standing to debit of Equipment of Road consisting of 878 Locomotives, 385 Passenger Cars, 136 Baggage, Mail, and Express Cars, 16,282 Freight Cars, and 1,307 Road Cars.....	15,333,714 44		
" Cost of Real Estate of Company and Telegraph Line	6,563,618 68		
" Extension of Pennsylvania Railroad to the Delaware River, including Wharves and Grain Elevator...	1,688,517 82		
Total amount charged to Construction, Equipment, and Real Estate Accounts for the Railroad between Philadelphia and Pittsburgh, comprising 994 miles of single track, including Sidings, Stations, Warehouses, Shops, and Shop Machinery, which cost in Cash exceeding $50,000,000, with Rolling Stock estimated to be worth in Cash $20,000,000; also, the Real Estate of a present estimated value of $12,000,000, and amounting in all to over $82,000,000.....		$48,571,808	18
OTHER ASSETS.			
By Amount of Bonds of Railroad Corporations.....	$20,165,198 23		
" " Capital Stock of Railroad Corporations.	30,284,120 86		
" " Bonds of Municipal Corporations, and investments not otherwise enumerated.....	243,100 00		
" Cost of Bonds representing Contingent Fund.....	2,000,000 00		
Total cost of Bonds and Stocks belonging to the Company.....		52,692,419	09
By Appraised value of Securities owned by the United New Jersey Railroad and Canal Company, and transferred with the Lease of the Works of that Company.....		4,322,225	25
" Amount of Fuel and Materials on hand for repairs to Locomotives, Cars, and Maintenance of Way, for the Pennsylvania Railroad, United New Jersey Railroad and Canal, and The Philadelphia & Erie Railroad.....		4,788,647	85
" Amount of Bills and Accounts Receivable and amount due from other Roads, including amount due from the Philadelphia & Erie Railroad Company, and from the United New Jersey Railroad and Canal Company for permanent improvements, as well as for expenditures on the Harsimus Cove Property at Jersey City; also. for purchase of Anthracite Coal properties and advances made to Railroad Corporations, including purchases of equipment in use on some of these lines.....		25,979,087	14
" Balance in hands of Agents.....		2,058,862	05
" Balance in hands of Treasurer.....		2,312,587	21
		$140,725,636	77

EDMUND SMITH, *Treasurer.*

LIST OF BONDS

OWNED BY

THE PENNSYLVANIA RAILROAD COMPANY

December 31, 1873.

NAMES OF SECURITY.	No. of Bonds.		PAR.
Allegheny County Bonds, "Pennsylvania R. R. Loan," 6 per cent	8	$1,000	$ 8,500
	1	500	
Allegheny County Bonds, "P. & S. Loan," 6 per cent	2	1,000	2,000
Alexandria & Fredericksburg Railway 1st Mtge. Bonds, 7 per cent. gold	512	1,000	512,000
Allegheny Valley R. R. 1st Mtge. Bonds, 7 per cent	3,959	1,000	3,959,000
Bald Eagle Valley 1st Mtge. Bonds, 6 per cent	46	100	29,100
	3	500	
	23	1,000	
Bald Eagle Valley 2d Mtge. Bonds, 7 per cent	100	1,000	100,000
Bedford and Bridgeport R. R. 1st Mtge. Bonds, 7 per cent	1,000	1,000	1,000,000
Central Stock Yard & Transit Co., 7 per cent. Bonds	300	1,000	300,000
City of Altoona Bonds, "Water Loan," $7\frac{3}{10}$ per cent	50	1,000	50,000
City of Harrisburg Bonds, "Water Loan," 6 per cent	11	100	4,600
	5	500	
	1	1,000	
Cincinnati & Muskingum Valley R. R 1st Mtge. 7 per cent. Bonds	752	1,000	752,000
Columbia & Port Deposit R. R. Bonds, 7 per cent	1,000	1,000	1,000,000
Columbus, Chicago & Indiana Central R. W. 2d Mtge. Bonds $5,000,000 Loan, 7 per cent	1,258	1,000	1,258,000
Columbus, Chicago & Indiana Central R. W. 2d Mtge. Bonds $10,000,000 Loan, 7 per cent	3,504	1,000	3,504,000
County of Clark, Illinois, Bonds, 8 per cent	15	1,000	15,000
Danville, Hazleton & Wilkesbarre R. R. 1st Mtge. 7 per cent. Bonds	173	1,000	264,000
	134	500	
	120	200	
East Brandywine & Waynesburg R. R. 1st Mtge. 7 per cent. Bonds	44	500	112,900
	909	100	
East Brandywine & Waynesburg R. R., New Holland Extension, 7 per cent	36	100	3,600
Erie & Pittsburgh R. R. Bonds, 7 per cent	100	1,000	100,000
Holliday's Cove R. R. 2d Mtge. Bonds, 7 per cent	20	1,000	20,000
Huntingdon & Broad Top R. R. and Coal Co. Consolidated Mortgage Bonds, 7 per cent	19	1,000	19,000
Indianapolis & St. Louis R. R. 1st Mtge. 7 per cent. Bonds	440	1,000	440 000
" " " Equipment "	50	1,000	50,000
International Navigation Co. 1st Mtge. Bonds, 7 per cent	350	1,000	350,000
Jersey City & Bergen R. R. 1st Mtge. Bonds, 7 per cent	271	1,000	271,000
Lawrence R. R. 1st Mtge. Bonds, 7 per cent	9	1,000	9,000
Lewisburg Centre & Spruce Creek R. R. 1st Mtge. Bonds, 7 per cent	1,500	1,000	1,500,000
Amount carried forward			$15,633,700

NAMES OF SECURITY—Continued.	No. of Bonds.		PAR.
Amount brought forward.....			$15,633,700
Mifflin & Centre Co. R. R. Bonds, 6 per cent.....	100 200	1,000 500	200,000
Newport & Cincinnati Bridge Bonds, 7 per cent.....	1,200	1,000	1,200,000
Northern Central Railway 7 per cent. Income Bonds.....	1,000	1,000	1,000,000
Ohio & Pennsylvania Bridge Bonds, 7 per cent.....	2 1	500 1,000	2,000
Pennsylvania Canal Bonds, 6 per cent.....	18	1,000	18,000
Pennsylvania Company 1st Mtge. Bonds, 7 per cent. Gold...	3,111	1,000	3,111,000
Pennsylvania Railroad 1st Mtge. Bonds, 6 per cent.....	3	1,000	3,000
" " 2d " "	1	1,000	1,000
Philadelphia & Erie Railroad 6 per cent. Bond, Currency...	1	1,000	1,000
" " " Bonds, Gold.....	729	1,000	729,000
Pittsburgh, Virginia & Charleston R. R. 7 per ct. Gold Bonds.	500	1,000	500,000
Pullman Palace Car Bonds, 8 per cent.....	770	1,000	770,000
Shamokin Valley & Pottsville R. R. 6 per cent. Gold Bonds.	934 180	1,000 500	1,024,000
South Mountain Iron Company Bonds, 7 per cent.....	2 8	1,000 500	6,000
Steubenville & Indiana Railroad 7 per cent. Bonds.....	278	1,000	278,000
St. Louis & Iron Mountain Railroad Bonds, 7 per cent. Gold	5	1,000	5,000
St. Louis, Vandalia & Terre Haute R. R. 2d Mtge. Convertible Bonds. 7 per cent.....	225	1,000	225,000
St. Louis, Vandalia & Terre Haute R. R. 7 per cent. Income Bonds.....	700	1,000	700,000
Toledo, Tiffin & Eastern Railroad 7 per cent. Gold Bonds....	900	1,000	900,000
Warren & Franklin R. R. 1st Mtge. Bonds, 7 per cent.....	209 167	1,000 500	292,500
Western Pennsylvania R. R. General Mtge. Bonds, 7 per ct.	1,200	1,000	1,200,000
" " " 1st Mtge. Bonds, 6 per cent....	10	1,000	10,000
" " " Branch Bonds, 6 per cent.....	95 67 195	1,000 500 100	148,000
West Chester & Philadelphia R. R. 1st Mtge. 7 per ct. Bonds	15	1,000	15,000
Wrightsville, York & Gettysburg R. R. 6 per cent. Bonds...	52	1,000	52,000
Pittsburgh, Cincinnati & St. Louis R. W. Bonds, Consolidated Mtge. 7 per cent.....	1,029	1,000	1,029,000
Total.....			$29,053,200

LIST OF STOCKS

OWNED BY

THE PENNSYLVANIA RAILROAD COMPANY

December 31, 1873.

NUMBER OF SHARES.	NAME OF SECURITY.		PAR.	
41,500	Allegheny Valley Railroad Stock	No divids.	50	$2,075 000
4,000	American Steamship Stock	"	100	400,000
3,682	Bald Eagle Valley Railroad Stock	8 per cent.	50	184,100
36,572	Baltimore & Potomac Railroad Stock	No divids.	50	1,828,600
6,179	Bedford & Bridgeport Railroad Stock	"	50	308,950
6,500	Chartiers Railway Stock	"	50	325,000
22,000	Cleveland, Mt. Vernon & Delaware Railroad Stock, Common	"	50	1,100,000
5,802	Cleveland, Mt. Vernon & Delaware Railroad Stock, Preferred	"	50	290,100
25,547	Connecting Railway Stock, 6 per cent., Guaranteed	6 per cent.	50	1,277,350
5,286	Cresson Springs Stock	No divids.	25	132,150
4,744	Cumberland Valley Railroad Stock, Preferred	8 per cent.	50	237,200
19,516	" " " Common	"	50	975,800
15,251	Harrisburg & Lancaster Railroad Stock	7 "	50	762,550
1,130	Junction Railroad Stock	No divids.	50	56,500
19,217	Jeffersonville, Madison & Indianapolis Railroad Stock	7 per cent.	100	1,921,700
5,624	Little Miami Railroad Stock	8 "	50	281,200
374	Lewistown & Tuscarora Bridge Co. Stock	No divids.	20	7,480
3,759	Louisville Bridge Stock	12 per cent.	100	375,900
6,040	Lykens Valley Coal Stock	No divids.	50	302,000
7,200	Newport & Cincinnati Bridge Stock	"	100	720,000
250	New Jersey Stock Yard & Market Company Stock	"	100	25,000
48,420	Northern Central Railway Company Stock	"	50	2,421,000
70,231	Pennsylvania Canal Stock	"	50	3,511,550
160,000	Pennsylvania Company Preferred Stock	6 per cent.	50	8,000,000
40,984	Pennsylvania Railroad Stock	10 per cent.	50	2,049,200
6,798	Pennsylvania Steel Company Stock	6 per cent.	100	679,800
31,636	Philadelphia & Erie Railroad Common Stock	No divids.	50	1,581,800
48 000	" " Preferred Stock	8 per cent.	50	2,400,000
250	Philadelphia & Merion Railroad Stock, one instalment only paid	No divids.		1,250
80	Philadelphia & Southern Mail Steamship Stock	"	125	10,000
60,000	Pittsburgh, Cincinnati & St. Louis R. W. Preferred Stock	"	50	3,000,000
12,800	Pittsburgh, Ft. Wayne & Chicago R. W. Special 7 per cent. Guaranteed Stock		100	1,280,000
51	Pittsburgh, Ft. Wayne & Chicago R. W. Common Stock	7 per cent.	100	5,100
8,100	Pittsburgh, Virginia & Charleston Railroad Stock	No divids.	50	405,000
1,233	Pullman Palace Car Stock	12 per cent.	100	123,300
	Amount carried forward			$39,054,580

NUMBER OF SHARES.	NAMES OF SECURITY—Continued.		PAR.
	Amount brought forward.....		$39,054,580
5,500	South-west Pennsylvania Railroad Stock.....No divids.	50	275,000
25,048	Summit Branch Railroad Stock.....6 per cent.	50	1,252,400
10,000	Susquehanna Coal Co. Stock.....No divids.	100	1,000,000
10,176	Tyrone & Clearfield Railway Stock..... "	50	508,800
2,498	West Chester & Philadelphia Railroad Preferred Stock..... 8 per cent.	50	124,900
19,453	Western Pennsylvania Railroad Stock.....No divids.	50	972,650
1,551	West Jersey Railroad Stock, 2d and 3d instalments..8 per cent.	50	54,285
6,341	Wrightsville, York & Gettysburg Railroad Stock....No divids.	50	317,050
39,263	Shamokin Coal Co. Stock..... "	25	981,575
	TOTAL.....		$44,541,240

SUMMARY.

Par Value of Bonds.....	$29,053,200
Par Value of Stocks.....	44,541,240
TOTAL.....	$73,594,440
Cost as per General Account.....	$52,692,419 09

NOTE.—The above Securities of the various Companies, whose traffic contributes to the advantage and profit of our Main Line, now pay to this Company in the form of Dividend and Interest exceeding Four per Centum per Annum upon the cost, and it is expected that future developments of their Lines will still further increase these results.

STATEMENT

Showing the Guarantees of the Pennsylvania Railroad Company upon the Bonds of other Companies, as well as its liabilities assumed under leases of the lines of other Companies—excepting New Jersey Lines, the deficiencies of which have been deducted from the surplus revenue of the Main Line—with the results of the business of each line respectively during the year 1873.

NAME OF ROAD.	NET EARNINGS.	RENTAL AND INTEREST ON BONDS.	SURPLUS.	DEFICIT.
PHILADELPHIA AND ERIE	$428,756 36	$938,351 32		$509,594 96
WESTERN PENNSYLVANIA	348,968 77	108,000 00	240,968 77	
ALLEGHENY VALLEY. Pays the interest upon all its Bonds out of its net earnings on the completed portion of its line				
PENNSYLVANIA CANAL. Interest upon bonds paid out of the net earnings				
SUSQUEHANNA COAL. Interest upon Bonds paid out of the net earnings				
CONNECTING RAILWAY. Included in the United New Jersey R.R.				
NORTHERN CENTRAL RAILWAY Co's Lease of the Williamsport & Elmira Railroad. The deficiency paid by the Northern Central Railway Co. and the Pennsylvania Railroad Company jointly, estimated at				108,068 65
BALTIMORE AND POTOMAC. Its net earnings used to improve its line				297,000 00
PITTSBURG, VIRGINIA & CHARLESTON. Its net earnings used to improve its line				53,900 00
DANVILLE, HAZLETON & WILKESBARRE				105,186 26
THE AMERICAN STEAMSHIP COMPANY. Reports no net earnings applicable to interest				90,000 00
JUNCTION R.R. Co. Bonds guaranteed jointly with the Phila. & Reading. and Philadelphia and Wilmington and Baltimore R.R. Co's, the interest being provided from the net earnings of the line				
	$777,725 13	$1,046,351 32	$240,968 77	$1,163,749 87
		Deduct surplus as above		240,968 77
		Leaving total deficit for the year		$922,781 10

Lines West of Pittsburgh, Operated by the Penna. Co.*	Net Earnings	Rental and Interest on Bonds.	Surplus.	Deficit.
Pittsburgh, Fort Wayne and Chicago	$3,522,032 37	$2,617,177 24	$904,855 13	
New Castle & Beaver Valley	192,514 73	140,435 79	52,078 94	
Lawrence Railroad	76,011 33	75,752 96	258 37	
Erie and Pittsburgh	484,398 74	380,626 00	103,772 74	
Cleveland and Pittsburgh	1,797,013 10	1,337,353 51	459,659 59	
Jeffersonville, Madison and Indianapolis	446,199 88	535,235 60		$ 89,035 72
Indianapolis and Vincennes	62,137 01	206,000 00		143,862 99
Indianapolis and St. Louis	301,301 84	245,259 63	56,042 21	
St. Louis, Alton & Terre Haute	389,607 29	461,805 83		72,198 54
Little Miami Railroad	162,017 77	710,769 94		548,752 17
Columbus, Chicago & Indiana Central	233,182 72	1,343,342 05		1,110,159 33
St. Louis, Vandalia and Terre Haute	276,200 80	271,395 16	4,805 64	
Chartiers Railway	18,291 15	35,000 00		16,708 85
	$7,960,908 73	$8,360,153 71	$1,581,472 62	$1,980,717 60
	Deduct surplus as above			1,581,472 62
	Net deficit on above lines			$399,244 98

* In addition to the above, the Pennsylvania Railroad Company is liable for the interest on one-half of the First Mortgage Bonded Debt of the Grand Rapids and Indiana Railroad, being $280,000 gold per annum, but has never been called upon to pay any portion of this: that company having provided for the same from its own resources.

The loss as above, is met by the Pennsylvania Company out of its Income from other sources than the operation of leased lines, which amounts to $1,076,296 27.

J. EDGAR THOMSON.

HIS WILL ADMITTED TO PROBATE

Provision for Orphans of Railway Employes Killed in the Discharge of Their Duties.

The will of John Edgar Thomson was admitted to probate this morning in the office of the Register of Wills. It is as follows:

"I, J. Edgar Thomson, of the city of Philadelphia and State of Pennsylvania, do make this my last will and testament:

"I give and bequeath all my real and personal estate, except household furniture, to Lavinia F. Thomson, George B. Roberts and Wm. M. Spackman in trust, the income from which shall be devoted to the purposes herein after mentioned. The said trustees to have full power to sell any of my property and reinvest the proceeds whenever in their judgment the interest of the trust will be promoted thereby.

"2. The estate to be subject to the following payment:

"*First*—To so much of the proceeds of said property as my dearly beloved wife, Lavinia F. Thomson, may deem necessary for the maintenance of herself, and my dear niece, Charlotte F. Foster, they living in such style as my said wife may think best to promote their happiness and comfort during her sixfetime. If my niece Charlotte F. Foster should survive my wife then I direct that there shall be paid to her as long as she may live the sum of two thousand dollars per annum. To my wife Lavinia F. Thomson I give absolutely all of my household furniture, books and ornaments.

"*Second*—To each of my sisters, Anne and Mary Adeline Thomson, during the life of each of them, the sum of one hundred dollars per month.

"*Third*—To my nephew, Edgar Levis Thomson, as long as he may live, the sum of one hundred and fifty ($150) dollars, to be paid to him monthly.

"*Fourth*—To his wife, Hattie B. Thomson, all sums that may be charged against her upon my books at the time of my decease.

"*Fifth*—To all the household servants that may be in my employment, at the time of my decease, as soon as may be convenient to the Trustees, the sum of $2 50 per month, for each month, that each of them may have been in my service, as an acknowledgment of their faithfulness.

"The said trustees to appropriate the remainder of the net income of my estate after the payments above specified, or so much of it as may be judicially applied thereto, to the education and maintenance of female orphans of railway employés whose fathers may have been killed while in the discharge of their duties; preference to be given, *first*, to the orphans of the employés engaged upon the Pennsylvania Railroad; *second*, to those of the Georgia Railroad, between Augusta and Atlanta, Georgia; *third*, to those of the lines controlled by the Pennsylvania Railroad Company, by lease or otherwise; *fourth*, to those of the employés of any other railroad company of the United States of America.

"If applications shall not be made from these sources in number sufficient to consume the annual income of the trust, the said trustees may, at their option, reinvest the surplus or receive the female orphans of any other employé of railway companies of the United States upon the same terms and conditions as the orphans of those killed in the service of the Company.

"The said Trustees shall prescribe all rules and regulations that may be deemed necessary to carry out the objects of this trust, and rent or erect such buildings as may be required for said purposes. They may receive bequests or donations to increase the means to be applied to the objects of said trust.

"The said Trustees may at any time add to their number, not exceeding six additional members, who shall perpetuate their existence by filling all vacancies that may occur in their number from death, resignation or otherwise, by electing such female orphans as they may deem best suited to carry out the objects of this trust, by a vote of majority of two-thirds of their number, any person, male or female, of high character for integrity and sound judgment.

"In witness whereof, I have hereunto set my hand and seal, this twenty-fifth day of December, Anno Domin one thousand eight hundred and seventy-one.

"J. EDGAR THOMSON.

"Signed, sealed, published and declared by the above-named J. Edgar Thomson, as and for his last will and testament, in the presence of us, who, in his presence and in the presence of each other, and at his request, have hereunto subscribed our names as witnesses.

"HERMAN J. LOEB LEHT,
"HENRY C. SPACKMAN."

Codicils.

"This is a codicil to my last will and testament, made in sickness of body but with a clear understanding and full testamentary intention: I desire my dear niece, Lottie Foster, but to whom I cherish the feelings of a father, to be so treated and regarded in the law as if she were really my child, receiving, during her lifetime, such income from my estate as if she were really my child, and I postpone the operation of the trusts of my will so as fully to effect this result until her decease, upon which event they are forthwith to take full effect as expressed in my will.

"Witness my hand and seal this 24th day of May, A. D. 1874. J. EDGAR THOMSON.

"Witnesses—James Kitchen, C. B. Smith."

The signature to the above was written with a lead pencil, very faintly, and beneath it was the following note:

"J. Edgar Thomson, by Theo. Cuyler—the name being thus placed at his request, he being too feeble to sign the same except in pencil and as above.

"Second Codicil.

"The codicil which I added to my will the other night, May 24th, means that I wish my niece, Charlotte F. Foster, to be considered as my daughter, and to have of my estate all that she requires to render her more than comfortable in her housekeeping during her lifetime.

"I do not desire to postpone by it the operations of the trusts of my will, except so far as may be necessary to secure the above object.

[Signed] "C. B. SMITH,
"For J. Edgar Thomson.

"The name being thus written, he being too weak to sign himself.

"Philadelphia, May 26, 1874.

"Witness—B. L. McNally."

PHILADELPHIA AND ERIE RAILROAD CO.,
No 238 South Tenth street (Room No 3, Ingersoll's)
PHILADELPHIA, June 4, 1874.

At a meeting of the Board of Managers of the Philadelphia and Erie Railroad Co., held as above, the following preamble and resolutions were unanimously adopted:

Whereas, This Board desires to place upon its minutes a record of the death of JOHN EDGAR THOMSON, late a member of our body, who died at his residence, in this city, on the 27th ult.; therefore

Resolved, That in the death of Mr. Thomson this corporation loses one whose careful deliberation, excellent judgment, and great experience in all matters pertaining to the business of the company, have rendered his wise counsels valuable—while his personal relations to his associates in the Board have always been of the most pleasant character.

Resolved, That a copy of these resolutions be forwarded to the family of Mr. Thomson, with an assurance of our deep regret and sincere sympathy with them in their bereavement.

W. HARELL WILSON, President.
GEORGE P. STILLE, Secretary. 1t

TWENTY-NINTH

ANNUAL REPORT

OF THE

Board of Directors

OF THE

Pennsylvania Railroad Co.

TO THE

STOCKHOLDERS,

As presented at the Meeting, held March 14th, 1876.

PHILADELPHIA:
E. C. MARKLEY & SON, PRINTERS, No. 422 LIBRARY STREET.
1876.